

BNSF Railway

Northwest Washington Regional Freight Summit

Andrew Johnsen
Director of Government Affairs



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U.S. Freight Transportation

Ton-Miles

Water 13%

Pipe 17%

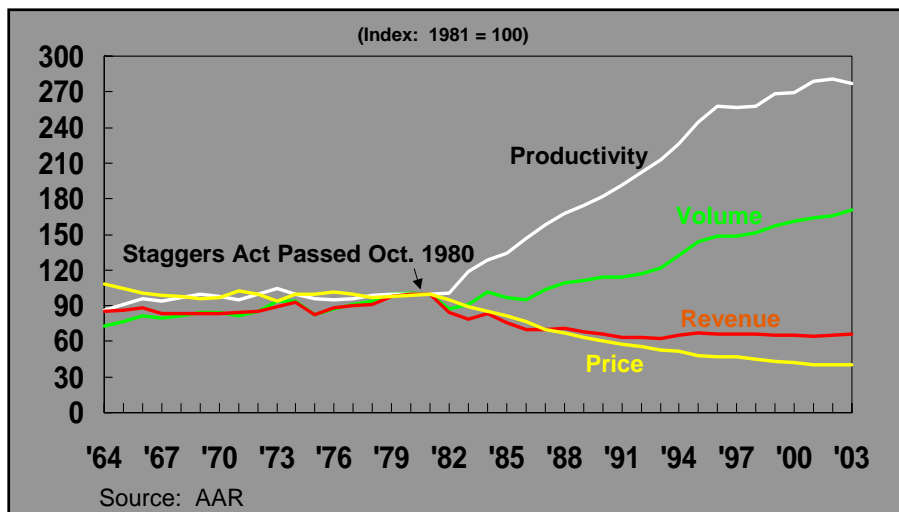
Air 1%

Truck 29%

Rail 40%



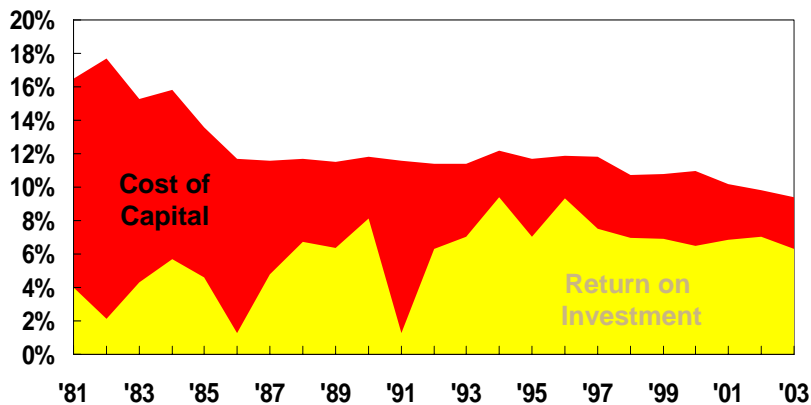
US Railroad Performance: 1964-03



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Railroads Haven't Earned Their Cost of Capital

Class I Cost of Capital vs. Return on Investment



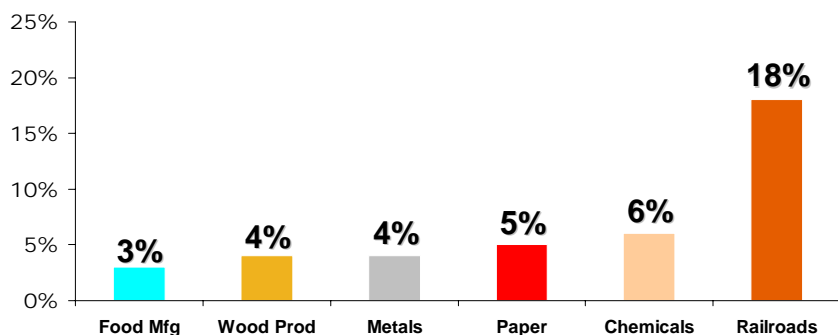
Source: Surface Transportation Board



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Railroading is Among the Most Capital-Intensive Industries

Capital Expenditures as a % of Revenue*

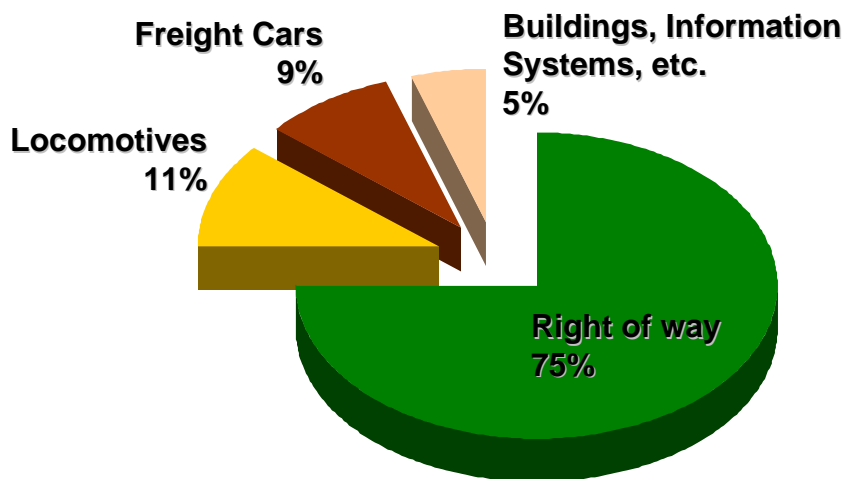


*2000, U.S. Bureau of the Census



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Rail Industry Investments

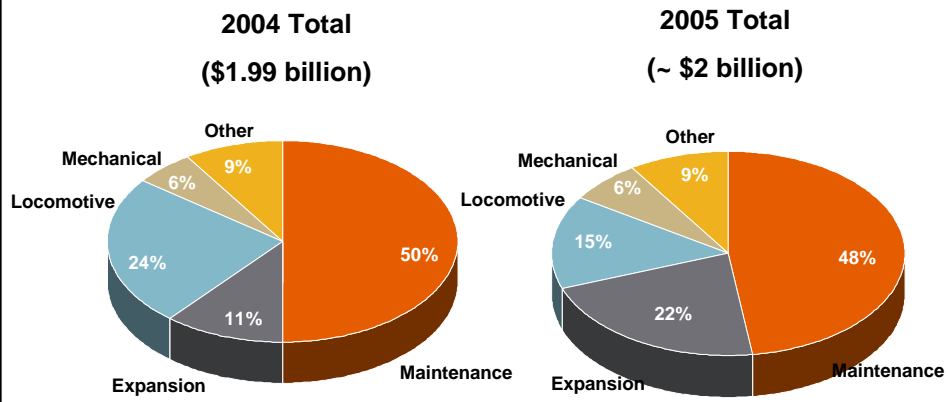


Source: Transmatch Consulting



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BNSF Capital Commitment Comparison



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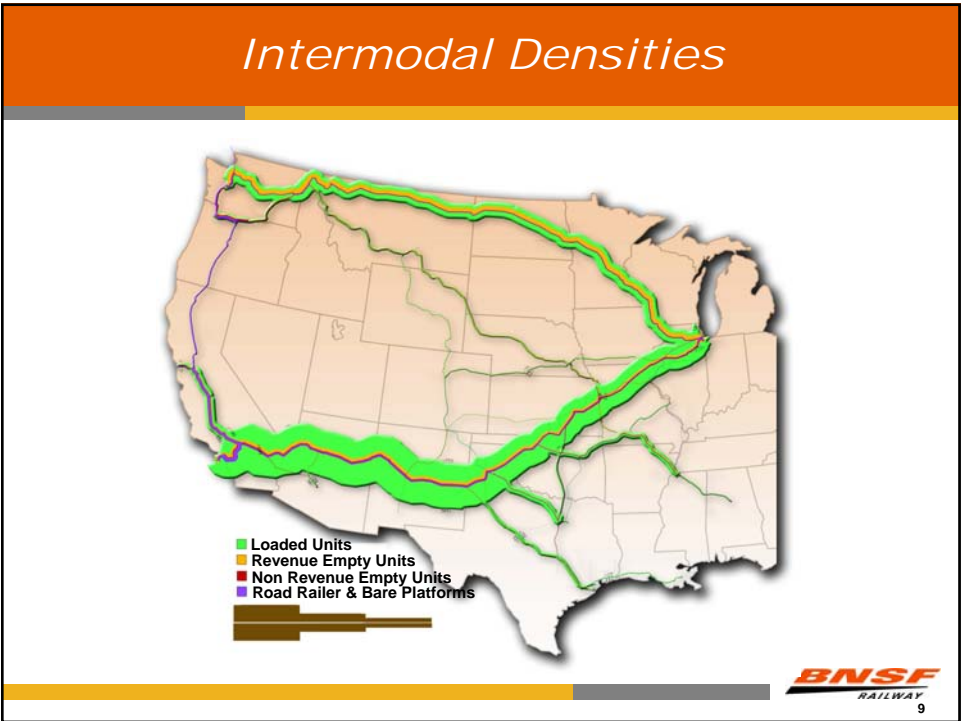
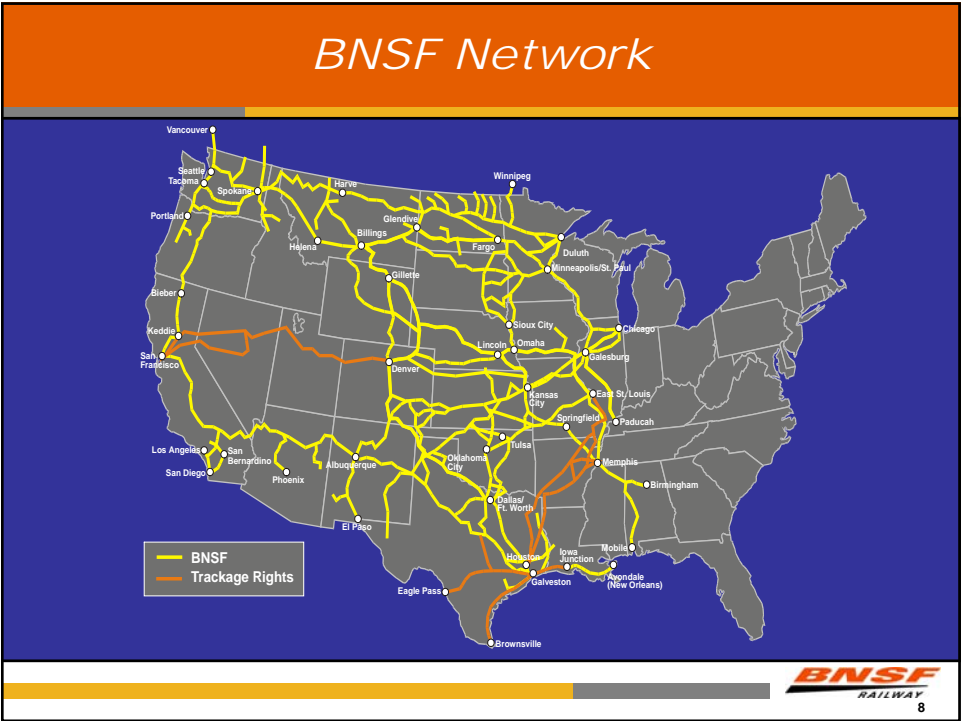
BNSF Railway Today

System wide:

- The Railway operates in 28 states and Canada, with over 30,000 route miles
- 42,000 employees
- Over \$2 billion invested a year in infrastructure and technology
- We move $\frac{1}{4}$ of the nation's rail freight



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BNSF Railway Today

A “21st century railroad...”

- Cars and shipments are tracked via RF and Differential GPS
- Customers can track their shipments online (iPower)
- Performance and efficiency
 - Workforce: Less than half its 1980 size, with 60% more
 - Safety: 1990 accident rate 9 per 200K hours; today it's 1.47
 - Environmental & energy benefits of rail (i.e. it takes 400 semi-trucks to carry the equivalent of 1 unit grain train)



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BNSF Railway Today

In Washington State:

- 3,300 employees
- Over 150 train movements throughout Washington each day
- About \$150M invested in Washington State this year



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Challenges and Opportunities

Demands on Capacity:

- *Double-digit growth in all business units: Coal, Ag. Products, Intermodal, Merchandise / Industrial Products*
- *Seattle International Gateway (SIG) Yard: 30K lifts per month now, 50K by end of year*
- *According to the 2004 Marine Cargo Forecast, container imports are slated to triple over next two decades*
- *Increased demand puts pressure on key infrastructure chokepoints*
- *More traffic means tighter maintenance windows*



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Challenges and Opportunities

Financing Private Infrastructure:

- *Investments made across the 28-state system*
- *Traditional challenge of getting sufficient return on invested capital*

Safety:

- *Even with significant growth, incident factor cut from 9 to 1.47 (1990 - 05). Goal is to reach 1 per 200K man hours.*
- *Safety enhancements can be counter-intuitive to the public, i.e. remote control locomotive operations.*
- *Reaction to major incidents can complicate safety efforts.*



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